DNV·GL

SAFER, SMARTER, GREENER

2018-2019 Workplan

Ex Ante Workpaper Workplan

CALIFORNIA PUBLIC UTILITIES COMMISSION

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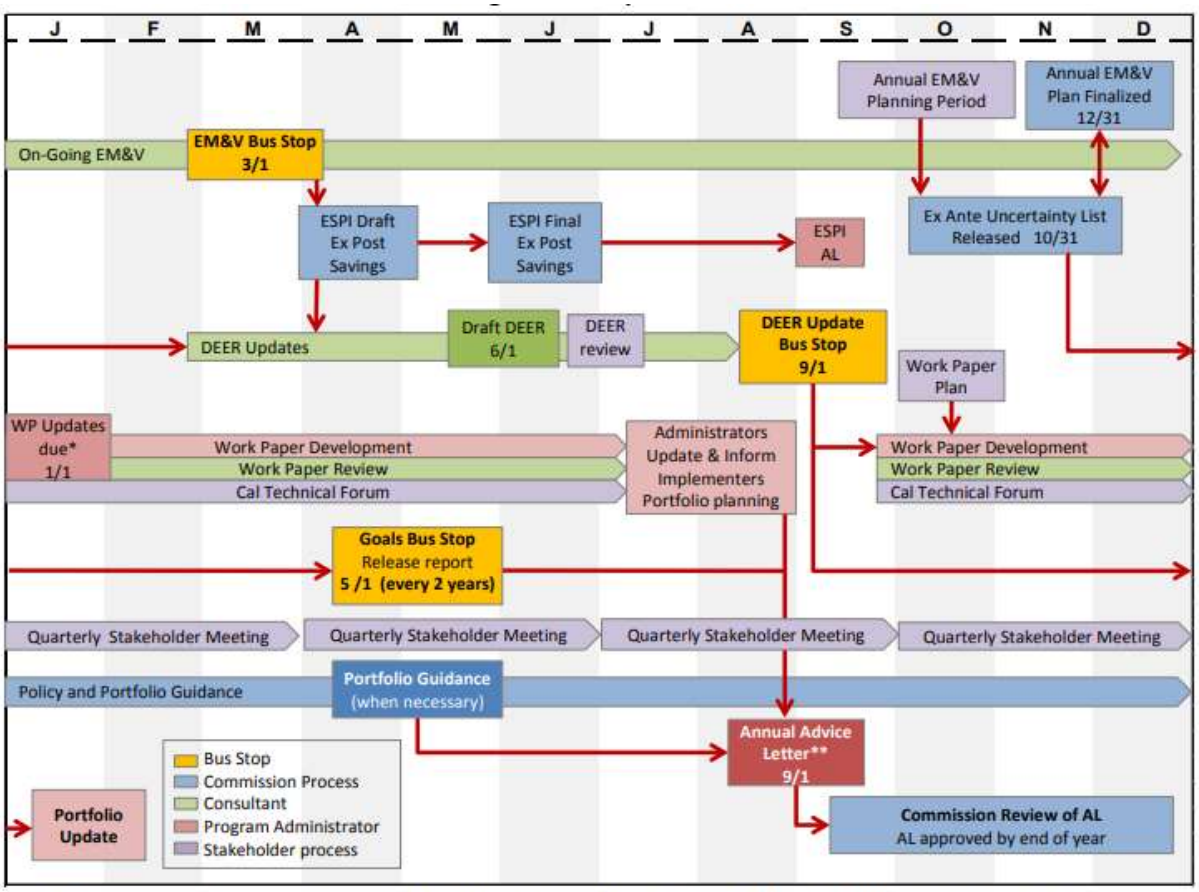
1 EX ANTE WORKPAPER WORKPLAN

This workplan describes the CPUC's approach to reviewing workpapers (WPs) through September 1, 2019. The goal of the workplan is to provide further WP review procedure guidance and to define a systematic approach for the substantive and transparent review of the approximately 225 program year (PY) PY2019 and PY2020 WPs planned for submission.

The CPUC role in WP reviews was established under D.09-09-047, which gave Energy Division authority to review and approve non-DEER workpapers. Ruling A.08-07-021 and D.12-05-015 provided further process refinements. The rolling portfolio established under D D15-10-028, identified a master schedule which regulates the timing and type of a WP submission and other portfolio activities, as illustrated in Figure 1.

FIGURE 1. ROLLING PORTFOLIO CYCLE SCHEDULE



*Work papers for existing measures that are impacted by DEER updates shall be submitted by 1/1, to provide sufficient time for review

This workplan reflects the rolling portfolio schedule with a transition plan to accommodate unique events and activities in this time period including:

- In September 2018, the CPUC transitioned their ex ante team from one contractor (JJH & Associates) to a new contractor (the DNV GL/ERS/Itron team), referred to as the WP Team.
- The Resolution finalizing DEER updates and other direction was delayed by about 2 months.

- The delay to the DEER update release pushes out the WP submissions for the 2019 program year
- The Program Administrators (PAs) will begin submitting statewide consolidated WPs (158 in total) for PY2020 in November 2018. The PAs have hired California Technical Forum (CalTF) to consolidate multiple WPs for the same measure to a single, statewide workpaper. Due to the number and complexity of the consolidated WPs, the PAs have requested an extension to the submission deadline through June 2019.
- The PY2020 WPs must reflect the new peak demand definition.
- Third-party contractors may begin submitting WPs through the PAs, although the timing and quantity of WPs is unknown.

In this 2018-2019 Workpaper Workplan, the WP Team has identified a transition plan to manage these events for the rest of 2018 through September 2019. The transition plan includes a transitional WP schedule and ranking process to assign a review treatment to each WP. The transitional submission schedule extends the review and approval of PY2020 WPs past the January 1 2019 bus stop, which will require approval by CPUC Management. The WP Team will use the ranking process to assign WPs different ex ante review treatments based on the potential improvements to the portfolio savings accuracy, the level of effort required for a revision, and the potential impact on customers.

2 TRANSITION PLAN CHANGE MANAGEMENT

As noted in the introduction, multiple events will impact the WP review process in this cycle for WPs submitted for both PY2019 and PY2020. A primary driver of the ex ante WP workplan is the volume of expected WP submissions expected as illustrated in Table 1. The workplan proposes a waiver to the rolling portfolio bus stop (which stipulates a January 1 deadline for updated WPs) to extend the submission period for PY2020 WPs to June 2019. All stakeholders support the extended schedule.

Table 1. Overview of Forecasted WP Submissions and Ex Ante Review

Month		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
PY2019 WP Forecast	n=59	5	1	3	1	6	25	16	2					
PY2020 WP Forecast	n= 158					12	0	12	17	18	22	24	19	32
Non-Phase I WP Forecast	n=8										2	2	2	2
Total		5	1	3	1	18	37	28	19	18	18	20	21	34

The WP Team's intention for this transition plan is to allow PAs time to prepare and submit WPs and allow CPUC staff an opportunity to provide the most beneficial guidance with the least expenditure of resources and least disruption to customers.

3 RANKING AND ASSIGNING WORKPAPERS REVIEW RIGOR

The WP Team propose a structured and transparent method for ranking and assigning WPs a review rigor. The WP Team will systematically inventory and analyze the impact of uncertainty across ex ante WP assumptions and methods (both PY2019 and PY2020). The Team will then

develop a comprehensive ranking of WPs based on an estimate of the potential impact of parameter uncertainty on the portfolio and include an estimate of the level of effort required to resolve the issue.

The Team will use the ranking to assign a level of review rigor to each WP. The selection will balance the stakeholder resources required to complete research and the potential impact on the portfolio. The PAs will be invited to contribute to the inventory and comment on the ranking. The Team expects to have the ranking largely completed in November, although not finalized until January after all Phase I WPs have been submitted.

3.1 Workpaper Prioritization and Assignment of Review Rigor

The Ex Ante WP team will rank each PY2019 and PY2020 WP by scoring multiple factors, including the following:

- The expected portfolio savings and program costs for each WP measure using the August 2018 advice letter estimates of budgets and savings for program year 2019
- The potential impact of a WP update on portfolio savings – Some of this analysis may occur on a parameter basis (i.e., unit costs, baseline, NTGR). Subject matter experts will estimate the potential change in savings using a mix of secondary findings, simple calculations, and professional judgment. The results are intended to provide an order of magnitude directional input.
- Status of pending or in-progress research
- Potential effect on the market
- CPUC priorities
- CalTF's assessment of issues and improvements
- PA priorities
- DNV GL SME inputs on emerging issues
- Subject matter expert estimate of the level of effort required to implement a WP improvement

The WP Team will organize and assemble the data by end-use category (e.g., Lighting, Food Services) into an Excel workbook to facilitate the collection of relevant information and transparent depiction of the scoring and ranking algorithms. The workbook will highlight issues common across multiple WPs.

The WP Team will compile this source data from multiple sources including CPUC staff, DNV GL subject matter experts, CalTF, and PAs.

Table 2 illustrates a simplified vision of the content of the ranking.

Table 2. Illustrative Workpaper Ranking

End Use or Measure	Parameter of Interest	Portfolio Impact (2019 ABAL) Lifetime Net	Potential Change in Savings (Absolute)	Effort
Food Services	Throughput (lbs/day)	92,000 therms; 14 million kWh	~18,000 therms; 3 million kWh	**Medium.** Explore leveraging current food services ISP research to collect data on throughput (pounds of food per day).
Food Services	Cost per unit	$737K installed cost	$140K	**Low.** Consolidated WP includes credible recent cost data for griddles.

Once the data has been compiled, the WP Team will score each WP using a simple point rubric for each factor. The Team will cross-check the ranking across end-use categories and within categories and adjust algorithms to balance the selection. The ranking will greatly aid in assigning final review rigor, but rankings will not dictate the assignments. The final selection will balance expected impacts of the reviews and the resources available to robustly research and revise WPs. The Team will circulate the draft rankings, rigor assignments, and a rationale for any adjustments to stakeholders for comments.

Table 3 presents an estimate of the distribution of review rigor. At this time, the total number of WP submissions is reasonably well known, although the classification is an estimate

Table 3. Forecast of Expected Workplan with Review Rigor

Rigor	PY2019 Pop	PY2020 Pop	New P2 WPs Pop	Total WPs
Low	40	120		160
Medium	12	29	0	41
High	7	7	8	22
Total	59	156	8	223

3.2 WP Review Rigor

Each workpaper will be assigned a review rigor defined as follows:

Low Rigor. The Team will assign a low rigor review to those WPs where updates are straightforward, the portfolio impact is small, and there are no other known substantive issues, such as pending research or expected market changes. The low rigor review will entail an administrative check-list review to ensure that the paperwork is complete and in order. Once the Team approves a low rigor WP, they will appropriately incorporate it into WPA and deeresources.net and notify the PAs through WPA messaging.

Medium Rigor. The Team will assign a medium rigor review to those WPs where the updates are more complex or where straightforward WP guidance is in order. A medium rigor assignment will entail the low rigor review tasks plus the following actions:

- Identify the source WPs. In the case of the PY2020 consolidated WPs, this includes each of the individual PA WPs; for PY2019 updates, the source WP is the previous WP version.

- Assess whether the WP revision accurately referenced previous WPs, DEER update values, and/or directions from the resolution.
- Identify and approve the process for modifying the old WP to the new.
- Audit the accuracy of the calculations.
- Inventory the uncertainties in assumptions or methods and include an estimate of the impact on the measure and a recommended research activity.
- Provide revision guidance for the moderate-effort revisions.
- Write a WP disposition

The Team will appropriately incorporate approved WPs into WPA, deeresources.net, and DEER.

High Rigor. The Team will select WPs for high rigor for those WPs that are expected to require further CPUC guidance regarding one or more of the key parameters in the WP and likely to lead to multi-modes of data collection and analysis. All new WPs will be assigned a high rigor review. A high rigor WP will also include the low and medium rigor review tasks.

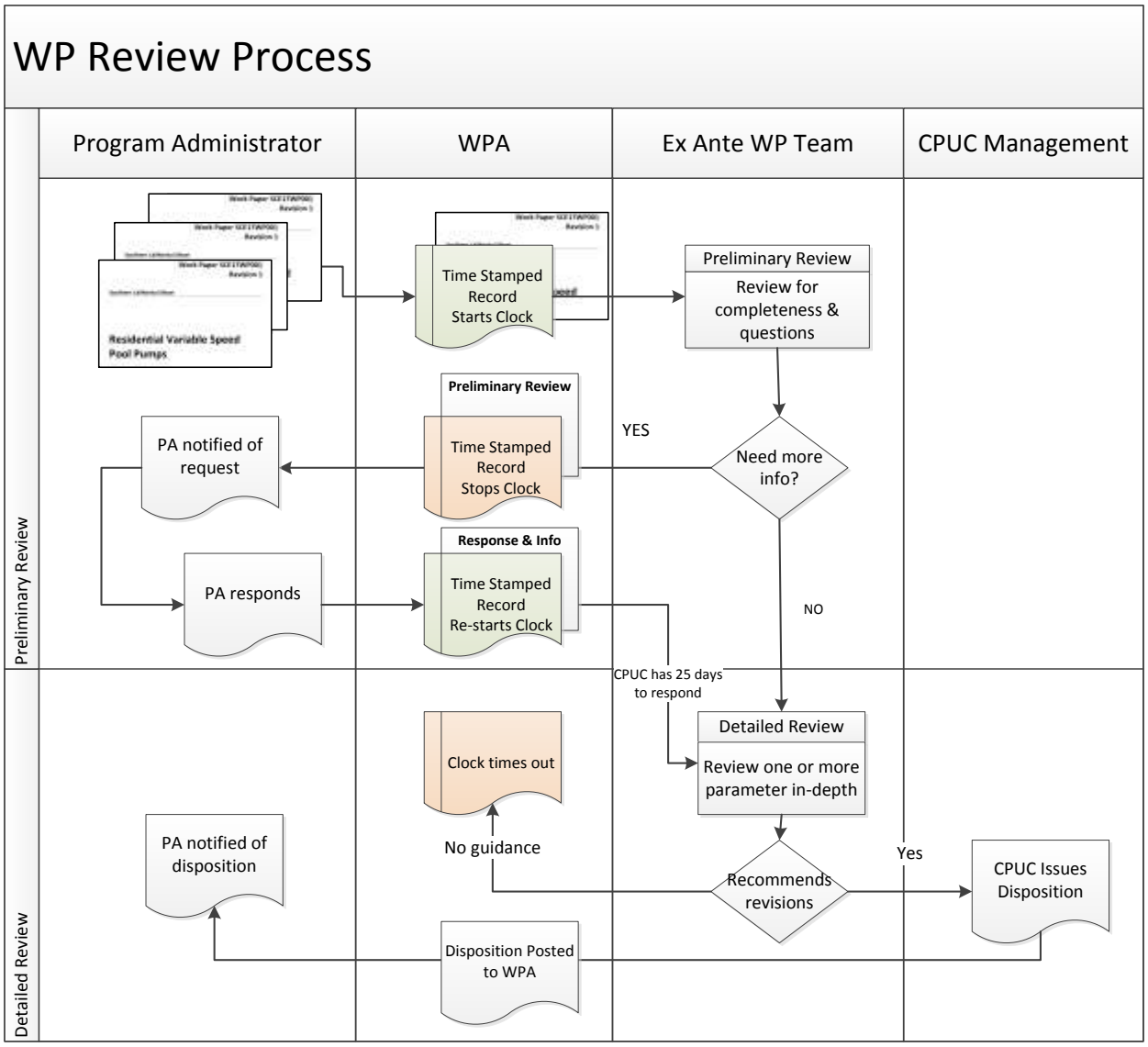
The WP Team will attempt to have in-depth discussions with stakeholders early in the WP development process. While the WP Team is not responsible for the execution of the research, the Team will play a collaborative role in defining the research scope and the expected outcomes. The WP Team will conduct regular check-ins on research progress to ensure that it is kept on track with a goal of finalizing all affected WPs by September 2019.

The WP Team will write dispositions for WPs and incorporate approved WPs into WPA, deeresources.net, and DEER.

3.3 Workpaper Review Cycle and Status

The WP review process is described in Figure 1 showing the roles of the program administrator and the WP Team and the Workpaper Archive (WPA) as a repository of WP documents and the source of electronic timestamps.

FIGURE 1. WP REVIEW PROCESS



The period available for review and a response to a submitted WP and the effective date of an approved WP depends on the submission phase and two special conditions under Phase 1 as described in Table 4.

Table 4. Workpaper Review Elements

-	Submission Purpose	PA Submission Schedule	CPUC Preliminary Review Period Time-Out	CPUC Detailed Review Period Time Out	Application of an Approved WP in Claims

Phase 1	Update WPs affected by DEER (years N+1 and N+2) and resolution changes New WPs with 1/1 PY N+2 start date	By 1/1, but may also submit in November and December	By 3/1	By 3/1	Effective January 1
	Contingency for late P1 WP or when guidance is issued for a P1 WP prompting a revision	PA may resubmit a WP revised due to P1 guidance 1st and 3rd Monday of month	25 days after submission time stamp (or resubmission) or by 3/1, whichever is later	25 days after submission time stamp (or resubmission) or by 3/1, whichever is later	Effective January 1
	For SW 2020 papers only, submission period has been extended beyond Jan 1	Agreed upon monthly submission plan	60 days after CPUC Monday upload time stamp	60 days after CPUC Monday upload time stamp	Effective 1/1/2020, subject to further DEER or resolution updates in 2019
Phase 2	New WP or mutually agreed upon WP revisions due to non-DEER or resolution changes	1st and 3rd Monday of month with a holiday clause	15 days after CPUC Monday upload time stamp	25 days after CPUC Monday upload time stamp	Effective 60 days after WP approval or other agreed upon dates.

Table 5 lists the four possible review status outcomes of a WP review.

TABLE 5. WP REVIEW OUTCOMES

CPUC Review Status Outcome	Description	Notification

Approval	CPUC issues disposition approving WP as submitted. May include direction for future revisions.	PA notified via WPA message. Uploaded to Deersources.net as an approved WP.
Interim approval	CPUC chooses not to review WP and the review period times-out. Workpaper subject to future CPUC review with prospective application of results.	Uploaded to Deersources.net as an approved WP.
Resubmission required	CPUC issues disposition identifying additional information or specific revisions or additions for ED to make an approval recommendation. May include direction for future revisions.	PA notified via WPA message. Disposition uploaded to WPA and selectively to Deersources.net
Rejection	CPUC concludes the measure does not fall within the definition of an energy efficiency measure or does not meet CPUC requirements for inclusion into a utility portfolio.	PA notified via WPA message. Disposition uploaded to WPA and selectively to Deersources.net

4 REGULATORY CHANGES TO PHASE I SUBMISSION SCHEDULE AND REVIEW WINDOW

The Transition Plan is designed for managing an unusually large number of WP submissions in a short period of time and to organize the subsequent direction for additional research to improve ex ante estimates. However, aspects of the plan are at odds with rolling portfolio protocols and re-orients the process for selection of WPs for guidance. Implementing the plan will require approval by CPUC management. Table 6 summarizes the changes from previous practices for the reasons outlined in the introduction.

Table 6. Proposed Changes in Workpaper Review Process for PY2019

Change	Description and Notes
Revise the Phase I submission schedule to extend the PY2020 (and DEER 2019) WP submissions per Table 1.	Current practice: Phase I submissions are to be submitted by January 1. D.15-10-028 at 83 states: "Accordingly we will maintain the January 1 deadline for updates to workpapers to reflect changes in DEER values." Proposed change: Extend the submission period for PY2020 WPs to June 2019 due to the large volume. Table 1 presents the submission schedule proposed by the PAs in their October 2018 WP Plan submission. The phased submission is not intended to set a precedent, but rather allows stakeholders adequate time to review and respond to the high volume of papers expected this year. Stakeholders have expressed support for this change.

Change	Description and Notes
Define a review window for consolidated PY2020 WPs.	Current practice: Prior decisions require review and comment by CPUC on Phase I WP reviews by March 1 (nominally 60 days) and for Phase II within 25 days as specified in D.15-10-028 at 84. Submissions receive interim approval in the absence of CPUC guidance within this review window. Proposed change: For PY2020 consolidated workpapers only, CPUC will have 45-60 days from the date of submission to review and comment on WPs, after which the WP receives interim approval if no guidance has been issued. Stakeholders have expressed support for this change.
Define the review window for Phase I WP re-submissions or for late Phase I WPs.	Current practice: Previous guidance did not specify the review window for Phase I WPs requiring re-submission after guidance from ex ante team (after January 1). Proposed change: For Phase I WPs that are resubmissions due to Phase I guidance, the ex-ante team proposes 25-days for subsequent review and disposition.